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Young farmers, Iran

Iran's Imports of U.S. Farm Products

EC Poultry-Egg Glut

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This week's cover:

Young Iranian farmers learn good farming practices from an agricultural expert. Although Iran's Government is currently stressing agricultural development, rising demand is likely to keep farm imports high, according to an article beginning on this page.

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Iran's Imports of U.S. Farm Products Soar in Fiscal '75

By MICHAEL E. KURTZIG
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OIL-RICH IRAN—the second largest Middle East crude petroleum producer and the fourth largest in the world—has escalated its purchases of U.S. agricultural products—particularly food items. In just 1 year—between fiscal years 1974 [1] and 1975—U.S. agricultural exports to Iran soared from $183 million to $757 million, an increase of more than 300 percent. Its 1975 purchases boosted Iran from 25th to 10th place as a market for U.S. agricultural products.

Powered by huge petroleum revenues, Iran's economic growth has been at a record rate and its demand for both U.S. agricultural and industrial products—already many times greater than that of a just few years ago—is expected to remain at high levels for the foreseeable future. However, as a result of lower prices and volumes, U.S. agricultural exports to Iran in 1976 are expected to be somewhat lower than in 1975.

[1] **Unless otherwise indicated, all years are U.S. fiscal years, ending June 30.**

Iranian hostess displays samples of two types of unleavened Iranian wheat bread (above). Unloading U.S. wheat (right) in Teheran. Although Iran's 1975 wheat crop may set a new record, substantial tonnages of imported grain are needed.

Iran's 1975 imports of agricultural products from all sources are estimated at nearly $1 billion. The spectacular rise was fueled by a per capita income estimated at around $1,700—up from just $400 in 1970. Iran's gross national product (GNP) also grew at a record rate of 41 percent in 1974, an upswing that is expected to average 26 percent per annum (real value) during Iran's 5-Year Plan—1974-78.

The projected rise in GNP is predicated on petroleum production remaining roughly at current levels and on the export price of oil dropping no lower than at present. Currently, Iran's oil reserves are being exploited at a rate about 11 percent below that of a year earlier, reflecting a decline in world demand for petroleum.

Total Iranian exports in Iranian year 1353 (March 21, 1974-March 20, 1975) were estimated at $18 billion. Non-oil exports totaled $763 million. Iran's nonmilitary imports in 1353 totaled $5.5 billion, up 62 percent from the previous year's.

U.S. agricultural exports to Iran in 1975 were composed mainly of:

- Wheat—1.7 million tons, with a value of $324 million, up from 584,317 tons and $94 million in 1974;
- Rice—462,000 tons at $227 million in 1975, a more than 21-fold volume increase from the previous year's 20,430 tons;
- Barley—76,000 tons with a value just under $12 million;
- Corn—149,000 tons and a value just under $20 million, compared with 1974 volume and value of 102,000 tons and $12 million; and
- Soybean oil—132,000 tons worth $104 million, compared with 66,000 tons and $34 million the previous year.

Imports of U.S. grains and fats and oils had a combined value close to $700 million in 1975. Other exports with their values included 2,000 head of U.S. dairy cattle for breeding purposes, $2.5 million; 10,000 tons of fresh oranges (a new import from this country), $2.1 million; 32,000 tons of inedible tallow, $12.5 million; and 17,500 tons of cottonseed oil, $18 million.

Iran's strong demand for imported agricultural commodities is basically a result of the sudden rise in disposable income and the inability of Iran's agricultural sector to meet the growing demands of its population. Population exceeds 33 million people, and is growing at an annual rate of 3 percent.

Iran's agricultural sector has traditionally lagged behind its industry. Recently, that lag has become even more apparent as industry—particularly the petroleum sector—has expanded dramatically. This widening gap has led the Government to place greater emphasis on agricultural development for at least the next 5 years—an emphasis that will likely continue in that sector beyond that time.

Current estimates for Iran's 1975 wheat crop point to a record harvest of 4.7 million metric tons—25 percent greater than the average annual production over the last 5 years (1970-74), and 7 percent above the previous record of 4.4 million metric tons in 1968.

The record 1975 crop was a result of abundant rainfall in major grain producing regions, although area was also increased by about 2 percent to 4.3 million hectares (1 ha=2.471 acres). Yields were up 13.6 percent.

Iranian wheat production is largely nonirrigated and is therefore at the mercy of the weather. Declines in Iran's wheat output are likely to recur in the future, requiring massive wheat imports to meet domestic requirements.

"Between fiscal years 1974 and 1975, U.S. agricultural exports to Iran went from $183 million to $757 million, an increase of more than 300 percent."

The aim of the current development plan is to expand areas of wheat and other grains as well as to increase productivity, with the ultimate goal of reaching self-sufficiency by the early 1980's. This target may be very difficult to achieve because domestic demand is rising so rapidly.

Iranian wheat imports for 1975 were originally projected at 2.3 million tons, but likely came closer to 2.1 million tons. In addition to the U.S. shipments of 1.7 million tons, Australia is shipping upwards of 350,000 tons. For the coming year, wheat imports are estimated at between 1-1.2 million tons. Carryover stocks are estimated at 800,000 tons, with total consumption estimated at 6.3 million tons.

Iran is also continuing its efforts toward expanding grain storage facilities to an estimated 2 million tons by the early 1980's. A wheat silo holding 100,000 tons is planned for Bandar 'Abbas, a major port at the entrance of the Persian Gulf. Storage facilities are also being built in other parts of the country.

Rice is Iran's other major grain import from the United States. Until recently rice was considered a luxury food, consumed primarily by the more prosperous Iranians.

Increased incomes and Government subsidies have changed that view, and now more rice is being consumed by the average Iranian. This new demand has not been filled by domestic production as output—moving upward from the 1961-65 average of 766,000 tons of paddy (498,000 tons, milled) to an estimated 1.14 million tons of paddy (740,000 tons, milled) in 1975—is still behind consumption demand.

THE UPSURGE in rice consumption in recent years was highly dramatic—consumer demand increasing from 790,000 tons in 1974 to an estimated 1.05 million in 1975, up 33 percent; consequently imports increased suddenly. Total rice imports for 1975 were slightly over 500,000 tons.

In the early 1960's, rice imports averaged under 20,000 tons annually. In 1972, they were 61,000 tons; in 1973, 94,466 tons, with 51,300 coming from the United States; in 1974 only 11,702 tons. Imports in 1976 should be approximately the same as in 1975, with the greater part coming from the United States.

Iran's livestock industry is another component of its agricultural economy that is receiving greater attention under the current Five-Year Plan. Until recently Iran was self-sufficient in many livestock products. Now, however, substantial imports of animals and meat are entering Iran.

Imports of high-quality dairy animals are expected to increase in 1976. In addition to the 2,000 head of dairy cattle recently imported from the United States, Iran also imported cattle, primarily from Australia and Turkey.

The Iranian Government has signed a number of letters of intent with Iranian and foreign firms to develop large agri-industrial complexes, mainly for live animals. Consumption of all meats, milk, eggs, and other animal and poultry protein foods is rapidly increasing in Iran, primarily because of rising incomes but

also because of Government subsidies and agricultural policies designed to keep food prices low.

In 1975, Iran's per capita consumption of meat in pounds, was: Mutton, 28.3; beef, 8.3; and poultry, 8.4.

Under Iran's current Five-Year Development Plan the country is establishing the Iran Agricultural Development Organization (IADO). Principal goals will be to develop and improve Iran's livestock industry. It will seek to import high-quality dairy cattle to meet the need for fresh milk as a source of protein; establish new, and expand existing, pasteurization facilities; encourage livestock producers by providing low interest loans; make feedgrain purchases at subsidized prices; pay transportation for imported animals; and establish dairy farms within the country's farm cooperatives.

IADO is still not fully operative and in the meantime, Iran's livestock industry is beset by problems such as a cost-price squeeze and shortages of feedgrains and prepared animal feeds. For example, the retail price for fluid milk has remained fixed for a number of years, while costs of production have soared. The feed shortfall has forced producers to seek feedstuffs wherever available at prices far above the Government selling price.

As Iran pursues the development of its livestock sector, feedgrain imports should grow substantially. Its major feedgrain is barley, production of which has fallen from a high of 1.2 million tons in 1969 and 1970 to 800,000 tons in 1974. Average production during 1961-65 was 980,000 tons.

Estimated barley production for 1975 is 950,000 tons, up 19 percent over last year's, largely because of favorable weather. Imports of barley increased in the early 1970's and are expected to total nearly 500,000 tons in 1976, compared with no imports in 1971. The U.S. share of Iranian barley imports in 1976 is estimated at around 300,000 tons.

Production of Iranian corn has been small—estimated at 50,000 tons in 1974—but serious efforts are being made to increase output. Imports of corn have been substantial, and—according to Iranian foreign trade statistics—amounted to 62,000 tons in Iranian year 1350 (1971/72), with the United States delivering 20 percent. The following year corn imports climbed to 70,000 tons, with the U.S. share rising to 38 percent. In 1974, imports of corn jumped to 131,000 tons, 80 percent from the United States. In 1975, the United States shipped 149,000 tons.

Iran also continues to import substantial amounts of edible oils, although Iranian production of vegetable oils—primarily cottonseed oil—has steadily increased in the last few years. Production estimates for 1975 are 96,000 tons, with an estimated output of 135,000 tons for 1976, up almost 40 percent. Despite these increases, Iran continues to be a vegetable-oil deficit country. In 1974, production was estimated at 84,000 tons, with consumption at 190,000 tons. More recently, production was 96,000 tons (1975) with consumption at 218,000 tons.

The recent surge in vegetable oil production is largely attributed to greater cotton outturn and increased production of soybeans. The Ministry of Agriculture and Natural Resources is planning a substantial increase in soybean area for 1976—a boost to 80,000 hectares, compared with 22,000 hectares the previous year. It is estimated that 75 percent of domestic vegetable oil is derived from cottonseed, the balance from sunflowerseed and soybeans.

Total Iranian imports of vegetable oils during Iranian year 1352 (1973/74) amounted to 134,000 tons, of which the United States supplied 32 percent—almost all soybean oil. The United States was Iran's principal supplier of vegetable oil in 1353, shipping 180,000 tons. Soybean oil comprised 90 percent of the total.

Despite the increase in vegetable oil outturn, Iran's imports should continue strong in the foreseeable future. It is likely that the United States will provide the major share.

U.S. tallow exports to Iran continue to increase, amounting to 19,000 tons in 1974 and 32,000 tons in 1975.

U.S. agricultural imports from Iran in 1975 totaled just under $51 million, down 8 percent from the previous year's. The leading items were sheep and lamb skins worth $28 million. In second place was pistachio nuts, with a value of $12.6 million, down 32 percent from last year's. Other items included cumin, pepper, and licorice root and extract, totaling close to $4 million.

While the quantity and value of Iranian agricultural exports to the United States have increased slightly over the past few years, the basic commodities have remained the same.

Yellow Hard Winter Wheat Gains in Export Market

UNUSUALLY rainy weather in the U.S. Midwest, together with some attractive price discounts, has thrust a relatively rare category of U.S. wheat—Yellow Hard Winter—into the trade spotlight. In fact, some major U.S. markets in Latin America, visited recently by a U.S. trade team extolling the merits of this type, are finding Yellow Hard Winter an attractive—and lower priced—supplement to their normal imports of baking-quality wheat.

Charles W. Pence—leader of the three-man technical team to six South American markets, and International Marketing Director for Grain and Feed, Foreign Agricultural Service—reports that a superabundance of Yellow Hard Winter Wheat resulted from the rainy harvesttime conditions this summer in Texas, Oklahoma, and Kansas and consequent harvesting delays of up to 2 weeks. "This environmental situation," Mr. Pence said, "causes a change in the wheat kernel from a red vitreous kernel to a chalkier kernel with a yellow appearance, which usually denotes lower protein quality."

As a result of the weather, the three States ended up doubling their normal output of Yellow Hard Winter Wheat, as 30 percent of the wheat crop in Texas, 80 percent of that in Oklahoma, and 42 percent of that in Kansas fell into this category. And the share of Yellow Hard Winter in commercial trade is even greater than its percent of the total 1975 wheat crop, complicating wheat marketing in general.

In fact, the unusually large crops have caused a backup of Yellow Hard Winter Wheat at some U.S. ports, prompting price discounts aimed at rapidly moving the wheat into export. The discounts ranging as high as $4 per metric ton, have offered foreign buyers the chance to obtain U.S. wheat, often of surprisingly good baking quality, at bargain basement prices.

But also needed was an introduction of this usually less-abundant subclass of

Hard Red Winter Wheat to foreign buyers either unfamiliar with it or afraid to try it because of the yellow color, often taken to mean lower protein content.

This introduction was accomplished by the technical team during its August 24-September 10 visit to Venezuela, Colombia, Ecuador, Peru, Chile, and Brazil to discuss with purchasing agencies and trade member the U.S. marketing system; wheat classes; and importers' supply, quality, and marketing problems.

The team, accompanied by staff personnel of Great Plains Wheat and Mr. Pence, included Dr. Floyd Smith, Director of the Kansas Experiment Station; and Dale Phillips, Director, Milling and Baking Laboratories, Union Equity Cooperative Exchange.

One of the team's first experiences, according to Mr. Pence, was an intense curiosity among airport personnel, especially customs officials, about the team's samples of a yellow-colored Red Winter Wheat. "This subclass of Hard Red Winter Wheat," said Mr. Pence, "in the past has been considered by many as inferior and was also not known by many."

As a result, foreign buyers raised such questions as "Is this a new variety? Is this soft wheat? What kind of wheat is it?"

The answer came from the samples and milling test results provided by the team. "A large number of samples of this subclass were milled and baked in the United States to determine its quality," said Mr. Pence. These revealed that "Yellow Hard and Hard Winter subclasses perform equally in the bake shop when the wheat is of a comparable protein level."

Similar tests for French-type bread, the most popular bread in South America, showed equally good results.

Countries specifically interested in Hard Yellow Winter were Colombia, Peru, Chile, and Brazil—all of which normally buy Hard Winter Wheat with a protein content of around 11 percent. But each also is hard pressed for foreign exchange reserves needed to pay for the imported wheat.

Thus, said Mr. Pence, "Since Yellow Hard has been selling at a discount, it was felt that both the United States and the buyer could benefit by buying Yellow Hard."

The team supplied South American trade members with samples and milling and baking test results of the Yellow Hard Winter Wheat, while also inviting trade members to perform on-the-spot milling and baking tests. Such tests were performed in Peru and Chile, with highly satisfactory results, while trade representatives in Colombia asked for additional samples.

"Since Yellow Hard has been selling at a discount, it was felt that both the United States and the buyer could benefit by buying Yellow Hard."

The outcome of the trade mission so far has been sales of 25,000 tons of Hard Yellow Winter Wheat to Brazil for further testing and 121,000 tons of Hard Yellow to Chile, whose trade members in general were "very pleased with the results." Further sales are seen possible to the four countries, which last year took a combined total of 2,064,354 metric tons of U.S. wheat, largely Hard Red Winter.

Protein Content Key to Wheat Quality

Judging a wheat's baking quality by its color can often be misleading and expensive, according to U.S. wheat industry officials whose recent milling and baking tests on Yellow Hard Winter Wheat have revealed some surprising results.

In standard grading of wheat, visual appearance—and especially color—is a main criterion for classifying wheat. For example, Hard Red Winter Wheat is graded, in descending order, according to the following percentages of dark, hard, vitreous kernels: Dark Hard Winter Wheat, 75 percent or more vitreous kernels; Hard Winter Wheat, 40-75 percent; Yellow Hard Winter Wheat, less than 40 percent.

Kernels of Hard Red Winter Wheat that are not vitreous tend to develop a yellowish color, and the nonvitreous kernels are usually lower in protein. The result has been a bias against use of yellow wheat for breadmaking, which requires a higher protein, stronger gluten flour than do cakes, pastries, and crackers.

This bias was justified in part by the past large-scale production of Hard Red Winter Wheat east of the Plains area. Most of this wheat was graded Hard Yellow Winter because of its tendency to yield low protein quantity and quality. However, use of that form of grading for eastern wheat has diminished with the region's shift toward varieties of Soft Red Winter Wheat.

In contrast, wheat grown in the Plains area and graded Hard Yellow Winter usually exhibits those same superior quality features identified with all Hard Red Winter Wheat in this region and will perform equally well in baking, given comparable protein level. This was verified in recent milling and baking tests that also revealed:

- About the only difference between wheat subclasses of Hard Winter and Yellow Hard Winter with comparable protein levels would be a slightly lower absorption for the latter owing to the likelihood of lower starch damage during milling. And even this is questionable on a protein-for-protein basis.

- Some of the Yellow Winter Wheat's characteristics can be superior such as its tendency to give a higher flour yield.

Of course, there is also a greater possibility of getting a lower protein content in this class. Thus, it is recommended that buyers obtaining Yellow Hard Winter Wheat for breadbaking specify production region and protein content.

Milling and baking tests comparing Yellow Hard Winter to Hard Winter have been summarized and their results are available. They may be obtained from International Marketing Director, Grain and Feed, Room 4647-S, U.S. Department of Agriculture, Washington, D.C. 20250.

EC Poultry Meat Glut Eases But Egg Surplus Persists

By SUSAN M. MILLER
Foreign Commodity Analysis, Dairy, Livestock, and Poultry
Foreign Agricultural Service

WITH CONSIDERABLE help from measures to curtail production, restrict imports, and expand exports, poultry meat producers in the European Community are recovering from the severe cost-price squeeze and poultry meat glut that enveloped their industry last year. Some signs of recovery are also evident in EC egg industries although a number of producers remain in the near-desperate straits provoked by excessive output and negative profit margins.

Recovery in the EC poultry meat industry was spurred by an agreement among producers in France, Denmark, Belgium, Luxembourg, West Germany, and the Netherlands to collectively reduce broiler slaughter. Concluded in the spring of 1974, the agreement called for a reduction of some 5 percent in EC broiler slaughter during the last half of 1974 so as to lower poultry meat output some 70,000 metric tons. This, in turn, was to help work down excessive EC stocks.

EC producers did, indeed, accomplish a 6 percent reduction in broiler output during the last half of 1974—although results varied markedly from country to country—and have extended the agreement informally into 1975.

While broilers have been the subject of official moves to curtail production, efforts by individual producers are bringing much the same results for turkeys. EC expansion in turkey meat output, even more rapid than that for broilers, generally continued through 1974, but sharp cutbacks are taking place in most industries this year. Currently, 1975 EC turkey meat production is forecast down 6 percent from 1974's, with consequent reductions in stocks. Although EC turkey industries had not benefited from any marked pickup in domestic consumption through mid-1975, exports during that period rose 13 percent (including intra-EC trade) from those in the 1974 period.

The net result of these changes was a slight decline in total EC poultry meat output last year and prospects for another small decline this year—the full-year figure is projected at 3,145,000 metric tons or some 23,000 less than in 1974. Only West Germany, Italy, and the United Kingdom have expanded their output in 1975, whereas Belgium-Luxembourg, Denmark, France, and the United Kingdom continued to experience growth in 1974.

At the same time, other positive forces are having an impact on the poultry meat industry. Prices for competitive red meats, after falling during last year's EC beef glut, have strengthened in 1975, spurring some substitution of lower price poultry meat for beef and pork. And poultry production costs have stabilized, with the leveling off of heretofore soaring feed prices.

So far, however, the positive factors have not brought significant recuperation in the shell-egg industry. Many EC egg producers have continued to expand production, despite soaring costs that in many cases have eclipsed returns. Through mid-1975, production growth had been recorded in France, West Germany, and Italy, more than offsetting declines in other EC countries. Unlike the poultry industry, the egg producers have not collaborated to reduce output —a failing that no doubt exacerbated the already-difficult situation.

On a country by country basis, the picture looks like this:

France. The second largest EC poultry producer, France has come through the poultry meat glut relatively unscathed, with prices of both broilers and turkeys strengthening this year. Its egg industry, on the other hand, continues in difficult straits, with another prospective production gain adding to the excess supply problem.

A projected 15-17 percent cut in turkey production, following a 15 percent increase last year, accounts in part for the improved meat supply situation this year. In fact, turkey meat supplies have dwindled so rapidly that the country may import some turkey meat this year.

In addition, broiler prices are strengthening as French consumers replace evermore costly beef with broiler meat. Broiler exports are in good shape also with prospects for shipments of over 55,000 metric tons.

These developments follow a relatively favorable showing even during the EC-wide poultry crisis last year. Then, total French production of poultry meat rose about 3 percent, contributing to declines in wholesale prices. However, the country managed to work off a good part of this expanded production in exports, which rose 31 percent above the 1973 level to 74,000 tons. Broiler exports accounted for most of the gain as they soared almost 36 percent to 54,300 tons.

The 15 percent expansion in the turkey industry last year put 1974 output of turkey meat at 117,000 tons. The gain was offset in part by reduced turkey meat imports and a 16 percent increase in exports to 17,800 tons. But these developments still were not enough to prevent a sharp cutback in 1975 output.

FRENCH EGG production is expected to follow last year's 3 percent gain with another 3-4 percent jump in 1975. This continuing increase—an acceleration from the 2 percent growth projected earlier—has depressed egg prices and threatened a number of producers with bankruptcy; several bankruptcies have already been reported among hatcheries and slaughterhouses. In response, the French Government has assisted in creation of an organization, the Comité Interprofessionel de la Volaille, to bring relief to the industry.

West Germany. The last year and a half has been a time of consolidation for poultry industries in West Germany, which besides being a major poultry producer in its own right is the leading EC market for U.S. poultry products.

Last year, German output of poultry meat dropped 3 percent, owing to a 6 percent decline in broiler production. However, reduced domestic prices prompted a rise in domestic consumption to 19.4 pounds per capita from 19.0 the year before.

On the trade front, West Germany witnessed a decline in both imports and exports of poultry meat, with far the greatest percentage drop in exports. These skidded 39 percent last year to 17,000 tons in response to the EC's temporary elimination of export subsidies

on poultry meat in the second half of 1974.

Imports dipped only a slight 1.5 percent to 286,000 tons last year as shipments from other EC countries made up for sharp declines in purchases from third country suppliers such as the United States.

Trade with the United States was curtailed by the EC's imposition of steep import charges. These reached extraordinarily high levels on August 1, 1974, when the EC sharply increased gates prices and levies on fresh/frozen U.S. poultry meat, particularly turkeys and turkey parts, and followed with corresponding increases in supplementary levies for individual items (see accompanying box). One result of this action was a moderate decline in U.S. shipments of turkey parts to West Germany —to 18.3 million pounds from 22 million the year before for this leading export item—and a precipitous drop in sales of whole turkeys—to 266,000 pounds from 2.9 million the year before. U.S. shipments of poultry livers—another major export to West Germany—also fell abruptly, totaling only 1.9 million pounds compared with 3.4 million the year before.

Further trade constriction is seen for 1975, with the United States expected to supply a total of only about 5,000 metric tons of poultry meat, for a decline of around one-third from 1974 exports and over 50 percent from shipments in 1973.

Otherwise, no dramatic changes are predicted for the duration of 1975 in either West German poultry production or trade. Turkey output is expected to remain steady throughout 1975 at 18,000 metric tons while production of other poultry meat is forecast to decline by about 3,000 tons. These developments together indicate a gain in total poultry meat production this year to approximately 278,000 tons—up 4.5 percent from 1974 and about the same as in 1973.

Imports are expected to rise somewhat as a result of expanded purchases of broilers and ducks from other EC members. The profit situation should improve in 1975 owing to lower prices of mixed feeds plus increased tax rebates on sales.

In the egg sector, hen numbers and egg output are expected to rise in the remaining months of 1975 after a year of relatively low prices and falling do-

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U.S. Turkey Export Prospects Brighten in the EC

One sign of diminishing EC poultry meat surpluses is the recent pickup in U.S. turkey exports to the Community following a sharp loss last season under the duress of high import charges and reduced demand. This pickup—which began in the first half of 1975 even while EC import levies were at peak levels—should be further enhanced by the EC's recent moves eliminating supplementary import charges on whole turkeys and lowering those on several categories of turkey parts.

Through the first 7 months of 1975, U.S. exports of poultry meat to the Community totaled 9,000 metric tons, for a 1,000-ton gain from the reduced shipments in the 1974 period. Virtually all of the expansion came in U.S. shipments of fresh and frozen whole turkeys and poultry livers, while exports of other products continued at reduced levels.

For the full year, U.S. turkey shipments should benefit from the EC's recent easing of levies on turkeys. On August 8, the EC lowered the supplementary levy on whole turkeys to zero, compared with a July 1975 peak of 18.9 U.S. cents per pound. In addition, the EC reduced its levy on turkey halves to 18.9 cents from a peak 37.9 cents and that on turkey breasts to 25.2 cents from an April peak of 42.9. This was followed on September 20 by elimination of the supplementary levies on turkey halves and quarters; a 33 percent reduction of those on turkey drumsticks, and an 11 percent cut for turkey thighs.

In 1974, U.S. poultry meat exports to the European Community plunged 35 percent from the previous year's to 13.4 million metric tons as demand in the Community was stifled by the oversupply of dometic poultry meat, plus a succession of increases in EC import charges on poultry.

The move to restrict imports began in early 1974, when the Community sharply increased gate prices (theoretical import prices not necessarily related to actual domestic prices) for poultry products, followed by boosts in supplementary levies to bring the cost of imported poultry up to the gate price.

Gate prices went on to set new highs in May-July 1975, as did supplementary levies for poultry meat. The levies on turkey thighs, for instance, more than quadrupled between May 1974 and early 1975 to a peak of 56.8 U.S. cents per pound; the levy on turkey drumsticks tripled to 18.9 cents; and that on whole turkeys more than doubled to 18.9 cents.

For a time these levies had almost brought a halt to U.S. poultry sales in the EC market, and even the recent upturn has been limited to whole turkeys. Sales of this product rose 200 percent in the first half of 1975 to account for 22 percent of all U.S. turkey product exports to the EC, compared with 8 percent in the same period of 1974.

Just as it has orchestrated import regulations to protect domestic output, the EC has used export subsidies to capture larger shares of the foreign market. Since June 1975, for instance, the Community has had in effect a 2.8-3.1 cent-per-pound subsidy on broiler exports to other European markets and the Mideast, plus and 11-12-cent-per-dozen subsidy on exports of shell eggs (other than hatching) to the same markets.

Such protective trade policies have encouraged expanded EC poultry meat output and a concurrent narrowing of U.S. trade in this important market during the last decade and a half. In fact, whereas the United States 15 years ago was a huge supplier of broilers to the EC, today this product has been virtually squeezed out, with turkey products, poultry liver, and cooked poultry meat about the only items now finding markets there. But even that remaining market is important, since 77 percent of U.S. turkey product exports currently move to the European Community.

At the same time, the EC—primarily West Germany—remains the largest single outlet for U.S. poultry meat, last year buying $18 million worth.

—By Max F. Bowser, FAS

Higher Meat Prices Noted In Most World Capitals

THE SEPTEMBER 3 bimonthly FAS food basket survey shows prices of meat up in the majority of 15 world capitals, compared with prices in the previous survey on July 2.

In Bonn, prices of beef, pork, and poultry continued to rise, reflecting increasing demand and smaller growth rates in production.

In Brasilia, only frozen beef from Government stocks was available. Ceiling prices are in effect for beef sold in Brazil, but these prices are enforced only in the larger stores.

In Tokyo, surplus beef stocks have been worked off. Wholesale pork prices are up rather sharply.

A general easing of retail meat prices was noted in Canberra, but this situation is believed to be temporary—a result of unusually large supplies of beef on the home market.

Washington prices for beef and pork chops were slightly lower, but prices for bacon and ham were up sharply.

Devaluation of the peso in Buenos Aires and adjustments in Government ceiling prices resulted in sharp increases, ranging from 12.1 to 356.8 percent, in all foods surveyed. The only two items for which no price changes were noted are milk and apples. Ham and bacon have disappeared from the market in Argentina.

Egg prices advanced 19.5 percent in Ottawa during the past 2 months.

In The Hague, recent cuts in domestic production and supply of eggs and broilers that coincided with strong export and domestic demand resulted in an upward price trend for both items.

Tokyo broiler and egg price increases reflect the effectiveness of Government encouragement to producers to hold down supplies and stabilize prices, which had been falling.

Stockholm broiler and egg prices were unchanged since the July survey.

Although prices of dairy products generally remained steady, butter was the exception. In The Hague, the advanced price was attributed to anticipation of the higher intervention price scheduled for September 16.

Milk, butter, and cheese cost consumers more in London, reflecting higher prices paid farmers as a result of the devaluation of the green pound—the exchange rate between the EC unit of account and the pound that is used to calculate U.K. and Irish farm prices.

In Washington, butter advanced from 91 cents per pound in July to $1.08 in September.

Prices of fruits and vegetables followed seasonal trends. In Brussels, tomatoes and onions declined in price by 20 percent between July and September, but are now higher than a year ago.

In most of the capitals surveyed, fruits and vegetables were reported to be principally domestic products.

Cooking oil prices trended downward

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES

Country	Latest month	Index 1970=100	Percent change from		
			Prev. month	Three months	One year
Argentina	July	1140.2	+37.6	+76.0	+183.5
Australia	July	157.4	+ .3	+ 1.4	+ 7.3
Belgium	July	144.5	+ 2.6	+ 4.1	+ 10.5
Brazil	July	279.6	+ .8	+ 5.3	+ 20.8
Canada	July	167.9	+ 2.3	+ 6.8	+ 14.8
Denmark	July	166.7	+ 1.6	+ 4.1	+ 13.9
France	July	159.0	+ .7	+ 2.6	+ 11.8
Germany	July	132.2	− .4	+ 2.2	+ 6.5
Italy	July	172.6	+ .5	+ 2.1	+ 19.2
Japan	July	177.7	+ .2	− .3	+ 12.8
Mexico	Joly	188.1	+ 1.0	+ 6.2	+ 14.0
Netherlands	July	139.3	+ .1	+ 2.0	+ 8.7
Sweden	July	153.0	+ 3.3	+ 6.9	+ 14.9
United Kingdom	July	210.7	+ .3	+ 4.3	+ 29.2
United States	July	155.4	+ 2.4	+ 4.3	+ 11.2

SURVEY OF RETAIL FOOD PRICES IN SELECTED WORLD CAPITALS, SEPTEMBER 3, 1975
[In U.S. dollars per lb, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Cheese: Edam, Gouda, or Cheddar	Milk, whole, quart	Oil, cooking, quart	Tomatoes	Onions, yellow
Bonn	4.23	2.64	2.27	[1]	3.35	0.81	0.90	1.44	1.67	0.40	1.36	0.49	0.35
Brasilia	.71	.45	1.07	1.94	2.53	.51	.61	1.25	1.34	.23	.90	.21	.37
Brussels	3.84	1.95	1.92	2.51	1.44	.98	.99	1.50	1.76	.39	1.21	.42	.19
Buenos Aires	.51	.42	.51	[1]	[1]	.31	.40	.85	1.36	.14	.93	.74	.21
Canberra	1.40	.76	1.35	2.42	2.18	.96	1.11	.93	1.40	.43	1.55	.76	.18
Copenhagen	4.71	2.05	2.51	2.92	2.45	.96	1.14	1.50	1.37	.36	1.66	.98	.45
London	2.87	1.16	1.61	1.35	1.56	.66	.76	.68	.93	.22	1.52	.44	.19
Mexico City	1.45	1.16	1.41	2.95	1.71	.87	1.10	1.57	3.21	.30	1.36	.36	.26
Ottawa	2.21	1.24	2.32	2.38	2.13	.92	.89	1.04	1.50	.52	1.58	.38	.38
Paris	3.02	1.55	2.09	3.13	1.86	1.01	1.02	1.63	1.64	.35	1.32	.23	.30
Rome	3.50	2.23	2.10	2.60	1.81	1.08	1.14	1.86	1.53	.40	1.09	.28	.21
Stockholm	4.84	1.93	2.32	2.66	2.25	1.04	1.29	1.36	1.82	.30	[2]4.23	.96	.45
The Hague	3.35	2.23	2.15	2.05	3.18	.68	1.04	1.37	1.62	.32	.95	.19	.15
Tokyo	16.76	5.11	2.90	4.10	3.70	1.07	.94	1.96	1.79	.64	1.70	.36	.14
Washington	1.96	1.39	1.96	2.05	2.19	.64	.81	1.08	1.66	.46	1.70	.49	.28
Median	3.02	1.55	2.09	2.51	2.19	.92	.99	1.37	1.62	.36	1.36	.42	.26

[1] Not available. [2] Not commonly used for cooking.

in 12 capitals. In Bonn, prices of several brands of oil were reduced for the first time in 2 years. In Brasilia, the soybean oil price drop is attributed to large stocks in processors' hands.

The only significant change in the price of rice was in Bonn—from 74 to 50 cents per pound.

Sugar prices continued to fluctuate in most of the capitals surveyed.

—By SIDONIA R. DICOSTANZO, FAS

Food Availability And Quality Differ

Food prices are reported by U.S. Agricultural Attachés in 14 commercially important world capitals as of the first Wednesday of every other month. Prices are converted on the basis of actual exchange values on the date of the survey, and these conversions affect comparisons between time periods.

The objective of this report is to obtain representative prices in other countries of items normally purchased by U.S. consumers. However an exact comparison is not possible because the quality and availability of specific items vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but these are not necessarily representative of those prevailing in the reporting countries.

Food price indexes are reported from official government sources and calculated in terms of local currency values.

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ions, llow	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
0.35	0.44	1.84	0.35	0.50	0.33
.37	.22	.42	.33	.25	.13
.19	.34	.78	.26	.42	.26
.21	.12	.67	.25	.28	.27
.18	.24	1.08	.30	.33	.17
.45	.42	1.57	.50	.48	.28
.19	.38	1.65	.20	.41	.26
.26	.23	.44	.28	.36	.08
.38	.53	.95	.48	.51	.29
.30	(1)	1.26	.73	.34	.24
.21	.35	(1)	.41	.32	.32
.45	.59	1.65	.78	.47	.33
.15	.17	.88	.23	.40	.27
.14	.91	4.70	.45	.40	.44
.28	.45	1.58	.53	.42	.34
.26	.36	1.17	.35	.40	.27

Cloudy Future For Belgium's Flower Trade

BELGIANS are buying more and more cut flowers these days, according to the Belgian Kredietbank, but a number of other factors cloud the industry's future. Citing a lag in production, rising imports that cut into the domestic market, and declining producer net profits, a recent issue of the Bank's *Weekly Bulletin* stated that further growth in Belgium's flower trade does not seem likely at present.

Although the *Bulletin* gave no value to the Belgian consumer's total private expenditures, the share represented by cut flowers rose from 1.5 percent in 1963 to 1.7 percent in 1974. Total producer gross returns also rose—from $4.7 million in 1960 to $15.4 million last year. (All conversions are made at the rate of BF50=US$1.) The value of cut flower production is now equal to about 15 percent of the value of all inedible horticultural products.

Growers of cut flowers are located mainly in the Brussels-Aalst-Dendermonde triangle (concentrated around Aalst) and in the Antwerp region. There are also minor concentrations of growers on the outskirts of several other cities, particularly in the Roeselare area of Western Belgium.

In most cases, these are family businesses operating on a mixed basis. Cultivation in open fields (mainly for tulips and narcissi) and partly under glass (for roses, carnations and chrysanthemums). The majority of the growers raise, in addition to their flower specialty, a limited range of various secondary crops.

The trend is toward greater glassed areas. Open flower fields declined from 460 acres in 1960 to 257 in 1974, while area under glass expanded from 173 acres to 435 in the same period. Most of the new area came from small enterprises that had switched from other agricultural undertakings to horticulture and from vegetables to flowers, encouraged by better earnings and working conditions. And since 1965, this trend has been accompanied by a definite preference for hothouse crops that are less dependent on the weather and provide greater yields and higher quality products.

Roses account for one-third of overall production value. Carnations, chrysanthemums, and tulips together account for another third. The remainder is made up of a wide variety of cut flowers, including (in declining order of production value): Freesias, irises, lilies, lilies of the valley, narcissi, and gladioli. Expressed in flower units, annual production is estimated at about 187 million pieces.

However, despite the tripling of producer gross returns in the past 10 years, a study of a small sampling of Belgian flower growing firms in 1973 by the Agricultural Economics Institute indicated that flower production for most of them was a losing proposition, with per-square-meter income being outrun by expenses. A sampling of a second group of producers in 1971 indicated a per-square-meter annual average net profit of less than 50 U.S. cents. But any new upsurge in energy prices would wipe out this profit and plunge producers into the red.

Since the beginning of the 1970's most cost factors have grown faster than selling prices. In the period between 1970 and 1974, average flower auction price rose by barely 1.3 percent per year. Basic hourly wages, on the other hand, climbed by an average of just over 15 percent.

Belgium's trade balance for cut flowers is usually negative and the deficit is growing constantly. Cut-flower exports are modest, while imports cover about one-fourth of consumption. Since 1968, annual export value has remained stationary at about $400,000, while that of imports has grown steadily, rising from $1.04 million in 1968 to $5.8 million in 1974.

Belgium's cut-flower exports go almost entirely to the European Community, in which France is the main customer, taking 51 percent in 1974. Apart from roses, exports consist of a limited variety of other cut flowers.

The Netherlands is Belgium's major supplier of cut flower imports. They rose by 43.5 percent in value between 1968 and 1974; those from France by 24 percent. French supplies occur mainly in winter and are largely regarded as supplementing the lower Belgian output. The import increase from the Netherlands is viewed with more concern.

Poland's Bilberry Export Supplies Decreasing

By DONALD J. RICKS
Associate Professor of Agricultural Economics
Michigan State University

MARKETS for cultivated U.S. blueberries are expanding in Western Europe—a partial result of Poland's declining harvests of wild bilberries, which are smaller, darker, and more tangy than cultivated blueberries.

U.S. blueberry sales in Europe have increased during the past 3 years. Combined U.S.-Canadian exports to European markets totaled about 14 million pounds between August 1974 and mid-May 1975.

Harvests of Polish bilberries—which in Poland grow only in wild form—have been decreasing steadily in recent years, partly because pickers are abandoning the relatively low wages of that part-time occupation for the improved wages and benefits available in full-time industrial and agricultural employment.

Poland's agricultural planners hope to switch consumer demand for bilberries in Western Europe—the major export market for that commodity—to cultivated blueberries, and have authorized a major research effort to develop hardy cultivated blueberry varieties suitable for Polish growing conditions.

These research efforts could eventually lead to the establishment in Poland of a large-scale cultivated blueberry industry that would compete in export markets such as Western Europe's with U.S. blueberries.

Polish sources agree, however, that it will be years before any substantial volume of cultivated blueberry production will be forthcoming from their country. Much research remains to be accomplished before the desired quality and volume of cultivated blueberries can be reached.

Estimates vary as to how long this research effort will take. Some Poles believe that a volume industry will be a reality in late 1980's or 1990's.

In Western Europe—notably in West Germany and Belgium—the market demand for bilberries is expected to remain strong and to continue expanding. This demand, in the face of decreasing Polish supplies, means that there will continue to be a significant unfilled gap in demand in some importing countries, such as West Germany. This gap can provide U.S. blueberry growers and exporters with an opportunity to expand their markets.

The difference in characteristics of wild bilberries and cultivated blueberries, along with the market preference for wild berries, poses an obstacle for U.S. growers and exporters. In West Germany (the largest importer of bilberries), for example, there is a consumer preference for wild bilberries over cultivated blueberries. This preference is attributed to the dark color of the flesh and juice and to the more distinctive flavor of the wild berries. Also, the smaller size of bilberries enhances their market acceptance for certain uses.

Some dealers in the West German berry trade declare emphatically that cultivated blueberries are not a satisfactory replacement for wild bilberries. If this position is an accurate reflection of consumer choice, a major effort will be required by the U.S. industry.

However, the European berry trade probably will be more receptive to cultivated berries as its supplies of wild bilberries continue to diminish.

THE POLES believe they will be able to convince their key export markets to take cultivated blueberries when their production of cultivated berries becomes substantial.

If the Poles are correct in assuming that the West German food trade will eventually accept cultivated blueberries, then U.S. growers and exporters should be able to develop market acceptance in that country and exploit export demand during the next few years. The U.S. cultivated blueberry industry appears to be at least 15 years ahead of the Polish industry.

Poland's blueberry researchers must determine, among other things, if U.S. varieties are sufficiently hardy for the climate in Poland, where winters are colder than in blueberry growing regions of the United States. Finding varieties suitable for Poland's climate is very important, and a major reason why it may take decades for the Polish researchers to develop a large cultivated blueberry industry in their country.

By spring 1976, the Poles expect to have test plantings of cultivated blueberries on about 75 acres. These plantings will be scattered in different locations in order to test the varieties under different conditions of soil, topography, and weather.

Some Poles estimate they may have as many as 3,000 acres planted to cultivated blueberries by 1980, but others believe it will take much longer.

POLISH blueberry researchers believe there is tremendous potential acreage in their country suitable for cultivated blueberries. Poland has much sandy, highly acid soil—perhaps as much as 250,000 acres—suited to blueberry production. Much of this area, however, is now in forests and is not readily accessible. Some land, located in the poor farming areas, would be more readily available than forest land for cultivated blueberry production.

Poland has an advantage over the United States in that wages paid Polish workers are low by U.S. standards. Therefore, labor-saving technology is not as important in Poland as in the United States. Also, the Poles have significant transport cost advantages in shipments to Western Europe. Whether or not the Poles can exploit these advantages will depend on the outcome of their research and technology.

It is possible that the U.S. berry trade may have to spend substantial funds to convert key markets to the use of cultivated berries, and in so doing may unintentionally help the Poles, who, with a ready market for their cultivated berries, could take advantage of their lower wages and transport costs.

Poland's inability to meet West European demand for bilberries provides an opportunity for expanded export of U.S. cultivated blueberries, but the U.S. industry will have to develop a long-range program to convince consumers in markets such as West Germany that U.S. cultivated blueberries can fill their needs before the industry can be expected to capitalize on this market opportunity.

EC Poultry/Egg Glut

Continued from page 7

mestic production in both sectors.

The Netherlands. This country was victim to one of the EC's most severe poultry industry shakeouts last year, as a cost-price squeeze brought a sharp reversal in production plans. The result is generally declining output this year and a resulting improvement in the price picture.

THE DUTCH poultry meat problems began in the second quarter of 1974 with a collapse in poultry meat prices that carried through the remainder of the year as stocks continued to mount. Except for the first part of the year, prices received by producers and exporters of poultry meat were well below 1973 levels.

As a result, Dutch broiler meat production plunged 20 percent during the second half of 1974, bringing a 6.5 percent decline in full-year output. So far, this downward trend has carried into 1975, indicating a full-year production drop of about 5 percent to 252,000 tons.

Turkey producers bucked the declining trend last year as they expanded output 13 percent. But with exports last year up only slightly, the industry in 1975 was confronted with a heavy buildup in stocks. Thus, turkey producers—now going through what broiler producers experienced in 1974—may slash 1975 output by 15 percent and market only 14,300 tons of turkey meat.

While Dutch egg production last year was only about 3 percent above 1973's, average prices fell by almost 10 percent. Concurrently, egg exports were sharply curtailed in many markets by stiffer competition from other exporters and domestic suppliers of cheap fresh eggs. Through mid-1975, these exports were about 22 percent below those of a year earlier.

In fact, the general West European situation of oversupply, declining prices, and spiraling costs has been a major contributor to hard times in the Dutch egg industry. With such conditions continuing, a gradual downward adjustment in Dutch egg production is projected for 1975.

Since Dutch poultry meat producers —gripped by the same difficulties facing egg producers—are also cutting production, the Dutch can be considered a prime force behind the needed consolidation in EC poultry production. While the cutback is having the positive effect of sharply reducing stocks, it also could lead to some losses in the Netherlands share of world trade.

On the price front, Dutch broiler prices were extremely depressed in 1974 but have been increasing so far in 1975. They are expected to continue to do so in response to considerable improvement in the Dutch—as well as the general West European—supply-demand situation for broilers.

Italy. Like most of the other EC producers, Italy has moved from a very difficult year in 1974 to an improving situation in 1975, with better times ahead seen for both poultry meat and egg producers.

Last year, higher feed costs caused Italian broiler production to fall 4 percent to approximately 483,000 metric tons.

Sluggish demand accompanied the higher input costs, with domestic consumption of broiler meats also falling 4 percent. At the same time, expanded imports kept stocks high and market prices depressed.

A similar situation occurred for eggs, with output falling 2.5 percent last year to 11.3 billion pieces and consumption falling 4 percent as fewer eggs were used by food processors.

This year, total Italian poultry meat output is expected to increase about 4 percent in response to lower feedstuff prices, greater availability of credit, and enlarging consumer demand. Consumption is seen rising 5 percent for all poultry meat as consumers replace beef with poultry and the Italian Government continues its campaign to shift consumption from beef and veal to other meats. This enhanced demand, in turn, should boost prices for broilers and turkeys.

THESE CONDITIONS together should contribute to expansion in poultry imports, despite the still-strong protection against imports provided by high EC gate prices and levies. Italy is traditionally a sizable importer of U.S. turkey parts and whole turkeys, last year taking 1.8 million and 935,000 pounds, respectively. And unlike trade with West Germany, U.S. exports of both categories were up sharply from 1973 levels.

The Italian egg industry is expected to benefit similarly. While egg prices were relatively lower during the first part of 1975, they are seen picking up in the remainder of 1975.

United Kingdom. Like other EC producers, poultry industries in the United Kingdom suffered severe losses during 1974 followed by some improvement this year.

Last year's returns to poultry meat producers plummeted as the industry failed to anticipate the glut of red meat, leading to a reversal of the heretofore strong expansionary trend in U.K. poultry production. Although cutbacks occurred in June 1974, more were required through September and October, resulting in profitable returns by the end of the year. Turkey producers were also forced to cut production sharply—by 8.4 percent last year and a projected 14.5 percent this year—owing to huge uncleared stocks at the beginning of the year.

BRITISH EGG production costs, especially for feed, surpassed returns in 1974, and only culling and lower midyear placings saved the sector from severe losses. While largely self-sufficient, the U.K. egg industry is affected by trade, mainly with EC partners. In 1974, shell egg imports and exports were distorted by disturbances in Northern Ireland that diverted supplies to Ireland, resulting in some eggs being subsequently re-exported back to Great Britain.

The relatively low 1974 prices did, however, prompt needed production cutbacks, which now point toward higher prices in the remaining months of 1975. Some recovery already is beginning to take place in broiler and turkey production. In fact, a shortage of turkey meat has arisen because of the declining output.

Current price deterioration will probably hold back further expansion of egg production for the remainder of the year, although egg output is up over last year's. Eggs have suffered a near halving of prices since their peak in April, while feed prices have declined 10-15 percent since the beginning of the year. U.K. imports of French eggs have caused widespread protest action since they coincided with the price drop.

Belgium-Luxembourg (BLEU). Neither 1974 nor 1975 have been favorable years for Belgium-Luxembourg poultry producers. Total BLEU poultry meat output fell 5.6 percent to 105,000 metric tons in 1974, with most of the decline in broilers. But consumption of

poultry meat declined an even steeper 9.3 percent.

Thus, Belgian broiler producers have voluntarily reduced their output this year to bolster prices: total production is expected to be down 8 percent to approximately 78,000 metric tons. So far, the reductions have led to some price improvement but not as much as had been expected.

Last May, the Belgian Ministry of Agriculture, together with the Poultry Producers Association, carried out a promotional campaign to stimulate poultry consumption; however, it apparently had little effect. Export sales, mainly of broilers to West Germany, are also lagging in the face of increased competition from the Dutch and French.

Despite attractive prices in late 1973, BLEU egg producers boosted production last year by only 1 percent to 3,758 million pieces. And even this gain prompted a decline in domestic market prices to levels generally below cost of production.

As with broilers, exports of eggs to West Germany are facing increased competition from Dutch and French eggs. Total egg output for 1975 is forecast at 3.65 billion pieces, down 3 percent from 1974. The over-supply situation is expected to continue until improved economic conditions trigger an increase in demand or until supplies decline further.

Denmark. Last year was also bleak for the Danish poultry industry. With returns below the cost of production, producers and processors suffered heavy financial losses—but not enough to prevent meat production from rising by 6 percent—even though domestic offtake increased 7 percent and exports climbed 13 percent. During the first 4 months of 1975, exports of poultry meat amounted to almost 24,000 metric tons, 31 percent more than in the same period of 1974. This increase was largely attributed to broiler meat shipments to Cuba and a doubling of sales to EC partners.

Recent price improvement, lower feed costs, reduced production, and stronger export markets highlight the 1975 Danish poultry situation. Meat production was off about 9 percent in the first half of 1975, while exports soared 23 percent (to 26,125 metric tons), thus eliminating Danish surplus stock problems. By early June, turkey slaughter was running 6 percent behind last year's pace.

Danish eggs were also a money loser in 1974, as a decline in exports offset the positive effects of stable production and increased consumption. Production is continuing this year on small-to-negative margins, but egg output still exceeds last year's.

THE FINANCIAL losses experienced in 1974 and continuing through 1975 have prompted producer requests for Government subsidies to finance stocks and veterinary controls similar to those paid in other EC countries.

Ireland. Overproduction in Ireland's poultry industry forced Irish producers to cut output 11 percent during 1974 to 37,800 metric tons because producers feared tight feed/meat price ratios. Domestic consumption declined by the same amount while poultry meat exports rose 400 tons over 1973's to 3,400 tons. Throughout 1974, producers' margins were squeezed as prices of feed ingredients continued to rise.

As a result of this decline in 1974 poultry production, a shortage of turkeys developed during the Christmas holidays, with supplies about 20 percent less than normal. The Irish poultry situation also worsened in late 1974 as falling beef prices turned demand from poultry to beef. Thus, producers were further hurt by static poultry meat prices in combination with rising feed prices.

Irish poultry producers should fare considerably better in 1975 provided feedgrain prices hold steady during the remainder of the year.

Irish egg producers were better off than meat producers in 1974 as egg prices remained strong and supply barely kept up with the demand. Although egg production and consumption dropped an estimated 1 percent and 1.6 percent, respectively, below 1973 levels, domestic production of eggs is still just able to fill consumption needs, and the outlook for the duration of 1975 remains good.

Egypt's Rice Exports Nosedive in 1974

Strong gains in demand for rice in Egyptian cities and stagnating production have resulted in a sharp decline in Egypt's rice exports.

Efforts to increase foreign trade and good rice yields took Egypt's rice exports to a peak of 772,000 tons in 1969. Since then exports have moved steadily downward, falling to only 136,000 tons in 1974, following the poor 1973 harvest. But exports could recover to the 200,000-ton level in 1975.

Egypt turned marshes and some areas of Lake Mariot and Lake Burullus into productive rice fields during the 1960's. The area planted in rice increased from 226,000 hectares (1 ha=2.471 acres) in 1961 to a peak of 507,000 hectares in 1969. Fixed prices for rice sold by farmers and higher profits from other crops have prevented further growth in rice areas in the last 5 years.

A slight increase in area from the 1974 level—to about 500,000 hectares in 1975—might boost paddy output to 2.7 million tons. However, Egypt's rice exports are not likely to increase markedly in the near future. Shortages of rice in urban areas are severe at various times from August through early October.

Egyptian rice production declined from a peak of 2.6 million tons (paddy) in 1970 to 2.27 million tons in 1973, and to only 2.24 million tons in 1974. The small harvest in the autumn of 1973 caused the drastic reduction in exports in 1974 and the lack of an expected recovery kept them at low levels in 1975.

Egyptian consumption of rice has almost doubled in the last decade, while production has remained below expectations. Rice use increased from about 1.3 million tons in 1973 to almost 1.5 million tons in 1974.

Fixed prices paid to Egyptian farmers were increased in 1974, but they still remained well below world market prices. Retail prices paid by consumers are also kept low by Government regulations, despite some upward revisions during the recent year. Government trading firms have made excellent profits in some recent years from rice exports. However, high prices for Egyptian rice in early 1975 caused Syria and Lebanon to make purchases from other countries.

Exports of Egyptian rice through trade agreements with the USSR reached a peak of 241,000 tons in 1970, but fell to only 40,000 tons in 1974. A

Continued on page 16

CROPS & MARKETS

—GRAINS • FEEDS • PULSES • SEEDS—

U.K. Grain Crop Estimate Revised. There is some controversy in British grain circles about the size of total U.K. grain production in 1975. It is clear, however, that production will be some 1.5-2 million metric tons below the 1974 level. Latest figures submitted by the Attaché place total grain production at 14.3 million tons, which is about 700,000 tons higher than previously estimated but 2 million tons below record 1974 output of 16.3 million tons. The upward revision of the estimate reflects a 700,000 metric ton increase in barley production to 8.7 million tons, but wheat output was lowered to 4.6 million tons, down from 4.7 million tons.

Norway Reports U.S. Grain Purchases. The Norwegian Grain Corporation has notified U.S. grain suppliers that it has already purchased 200,000 tons of U.S. grain, including 80,000 tons each of corn and sorghum and 40,000 tons of wheat. These purchases are for shipment between October 1, 1975, and September 30, 1976. An additional 40,000 tons of corn will be purchased for shipment between May 1, 1976, and September 30, 1976.

These purchases are in compliance with an agreement signed October 16, 1974, which requires that purchases for the coming year be reported by September 30. The agreement is effective from October 1, 1975, to September 30, 1978, and specifies purchases of 500,000 to 1 million tons of U.S. grains over the 3-year period, but not more than 350,000 tons in any 1 year.

Canada Revises 1974 Wheat Estimate. Statistics Canada in its September crop report revised 1974 wheat production from 522.5 to 488.5 million bushels. The high moisture content of the 1974 wheat crop was the major reason for reducing production by 34 million bushels. On the other hand, barley production was increased to 404.3 million bushels, up by 9.6 million bushels over the previous estimate. Production of oats and rye remain unchanged at 254.7 million and 18.9 million bushels, respectively.

India's Grain Prospects Favorable. As of mid-September, prospects for the fall grain harvest (kharif) in India continued to be favorable. Floods of varying magnitude in most of the northern states, however, have damaged crops in some areas. The extent of the damage is undetermined at this time. Despite the floods, Indian officials believe the fall harvest goal of 69 million metric tons will be achieved and possibly exceeded. This optimism is based principally on the fact that rainfall has, for the most part, been countrywide, consistent, and prolonged throughout the monsoon season. Cumulative rainfall from June 1 to September 17 was normal or above-normal throughout the country, except in Bihar, for which data are not reported. It is estimated that areas accounting for 100 percent of the total fall harvest have received normal or above-normal rainfall during this period, compared with only 49 percent for the same period in 1974.

Rotterdam Grain Prices and Levies. Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 6	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.91	−21	(1)
USSR SKS-14	(1)	(1)	(1)
French Feed Milling [2]	3.65	− 7	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.35	−15	6.50
U.S. No. 2 Hard Winter:			
13.5 percent	5.25	− 8	6.40
No. 3 Hard Amber Durum	6.91	−17	8.10
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	4.56	−12	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.41	− 9	4.20
French Maize [2]	3.49	− 3	(1)
Argentine Plate corn	3.92	− 7	4.31
U.S. No. 2 sorghum	3.32	− 7	4.13
Argentine-Granifero sorghum	3.37	− 6	4.15
U.S. No. 3 Feed barley	3.52	−10	(1)
Soybeans:			
Brazilian	6.12	−38	(1)
U.S. No. 2 Yellow	5.89	−31	10.29
EC import levies:			
Wheat	.22	− 3	0
Corn	.57	+18	0
Sorghum	.47	+ 3	0

[1] Not quoted. [2] Basis c.i.f. west coast, England
NOTE: Price basis 30- to 60-day delivery

LIVESTOCK • PRODUCTS

Argentina Makes Beef Sales. Argentina recently announced beef sales of 1,500 metric tons to the Ivory Coast, 2,000 tons to Egypt, and 1,200 tons to Italy. Discussions on other sales are being held with importers in the United States, Italy, and West Germany. Sales to East European countries are forecast.

Argentina Cattle Producers Strike. Argentina cattle producers called a 10-day strike in mid-September to support demands for higher domestic beef prices and improved exchange rates for foreign currency earnings. Producers refused to sell cattle or send animals to market.

France Licenses Horsemeat Imports. France imposed licensing on imports of horsemeat, effective September 1. The action was taken to enable the Government to protect the domestic market for horsemeat in the final 4 months of the year, when large marketings of domestic horses usually occur.

In 1974, France imported 13,900 tons of horsemeat from the United States, which was 36 percent of all French horsemeat imports in that year. In the first 7 months of 1975,

France imported 20,860 tons of horsemeat, with imports from the United States averaging more than 1,500 tons per month. France hopes to reduce horsemeat imports during the final 4 months of 1975 to 2,500 tons per month and limit imports of U.S. horsemeat to 1974 levels of between 1,200 and 1,250 tons per month.

Sao Paulo Hit by Drought. Pastures in São Paulo, Brazil, already damaged by frost, are now suffering from lack of rain, causing heavy losses to livestock and milk production. Also, fires have broken out in many places, destroying large areas of pastureland. Rain that recently fell in northwest Parana and southern Mato Grosso for the first time in 2 months is bringing relief to pastures in that area.

Chile To Issue Beef Tender. Contrary to earlier plans not to import beef in 1975, the Chilean Government is expected to issue a tender for 4,000 metric tons of chilled beef in the near future. It is intended to stabilize beef prices.

DAIRY • POULTRY

EC Increases Target Price for Milk. Second stage of the European Community (EC) target price increase for milk became effective on September 16, increasing the price by about 4.5 percent. This increase, plus the March 3 increase of about 6.5 percent, puts the 1975/76 target price at about 11 percent above the 1974/75 price when increases are based on changes in units of account. Because of flunctuations in currency values, however, increases in U.S. cents per pound in EC countries will range from 10 to 25 percent. Milk target prices range from $7.97 per 100 pounds in the United Kingdom to $10.94 in Germany.

In support of the milk target price increase, the intervention price for butter was increased by 7.5 percent (in units of account), bringing the two-stage increase to 14 percent over the 1974/75 intervention price for all EC countries except the United Kingdom and Ireland (32 percent for the United Kingdom and 16 percent for Ireland). Current intervention prices for butter (in cents per pound) in EC countries range from 73.4 cents in the United Kingdom to $1.47 in Germany.

FRUIT • NUTS • VEGETABLES

Sao Paulo's Orange Crop Hit By Drought. Trade sources in São Paulo State, the world's largest orange concentrate exporter, estimate that dry weather has cut orange production to about 60 million boxes (40.8 kg each). This reduction would be a drop of 25-30 percent from the São Paulo Department of Agriculture's July estimate of 84.7 million boxes. No information is available concerning the impact the drought may have had on quality and solids content of the oranges.

Last season, the São Paulo juice industry utilized 49 million of the State's record production of 82 million boxes to produce 175,000 tons of orange concentrate of 65° Brix, virtually all for export. At least 15,000 tons of last season's production is believed carried into the new season that began April 1. Beginning-of-season estimates were that the juice industry would process about 55 million boxes from the current crop.

Bumper Peach Crop in Canada. Canadian estimates indicate a bumper peach crop of 62,551 metric tons, up 21 percent above the 1974 level. Ontario, which traditionally contributes nearly two-thirds of total Canadian output, will have an estimated 1975 crop of 47,673 tons, 25 percent greater than the 1974 crop.

Meanwhile, the Canadian Agricultural Products Board is buying part of the 1975 crop for canning. The Board's purcases of peaches, authorized in August by the Ministry of Agriculture, are intended to reduce the potentially disruptive effect of the closing of a peach processing company that in 1974 purchased nearly one-third of the Ontario peach crop. The processed peaches will be stored and later sold in the domestic market.

Japan Orders Mikan Crop Reduced. Japan's first official forecast for the 1975 mikan crop is for 3.8 million metric tons, well above the 3.4 million tons and 3.5 million tons (previous record) harvested in 1974 and 1972, respectively. The 1975 outturn, if harvested in total, would be a record crop, but the Japan Fruit Growers' Cooperative Association, following the same production-control plan used in 1974, is instructing growers to reduce the yield of each bearing tree by 30 pieces of fruit—8-10 percent—while the fruit is in its green stage.

The 1974 production-control program, which was partially subsidized by Japan's Ministry of Agriculture and Forestry, resulted in an estimated crop reduction from 3.8 million to 3.4 million tons. Last year's average price was 60 yen (about 20 U.S. cents) per kilogram, while this year growers hope for an average price of 50 yen (about 17 U.S. cents) per kilogram.

Malaysian Canned Pineapple Output Down. Production of canned pineapple in Malaysia has shown a declining trend in recent years because of its lesser competitive position relative to other producers and decreased demand. It is reported that the second of the five Malaysian processing plants has curtailed canned pineapple output and diversified production into other farm products. This plant has been operating at less than full capacity since 1973 because of insufficient supplies. Decreased demand has caused a higher-than-normal level of stocks. Reportedly, Japan has virtually ceased importing Malaysian canned pineapples, resulting in substantial accumulation of stocks packed specifically for the Japanese market.

Smaller Greek Dried Fruit Crop. Unfavorable weather conditions reduced 1975 Greek dried fruit production. The 1975 crop is estimated at 176,000 metric tons, 18 percent below last year's crop of 215,240 tons. Reports indicate March frosts reduced currant production in the Messinia and Elia areas. Rain and hail were reported during spring and summer months in the currant production area in Peloponnese and the sultana raisin area in Crete. Currant production is estimated at 75,000 tons and sultana raisin production at 82,000 tons, compared with 87,500 and 109,000 tons, respectively, in 1974. Early estimates of the 1975 fig crop were reduced following high temperature, humidity, and light rain during the last 2 weeks of maturity. Dried fig production is estimated at 19,000 tons, slightly more than the 18,700 ton 1974 crop.

Total 1974/75 season dried fruit exports are estimated at

128,700 tons—47,000 tons of currants, 74,000 tons of raisins, and 7,700 tons of figs. The European Commuinty is the largest market for Greek dried fruit. The United States imported 82 tons of Greek currants and 1,100 tons of Greek figs and fig paste during the first 11 months of the 1974/75 season.

Spanish Almond and Filbert Crops Down. Trade estimates based on a later assessment of March-April frost damage put the 1975 almond harvest at 43,500 metric tons (shelled basis), 21 percent below last year's output.

Spanish almond exports in the 1974/75 season are expected to total 20,000 tons, compared with 19,000 tons exported last year. Major markets for these exports were West European countries. Almond shipments are forecast at 25,000 tons for the 1975/76 season.

Domestic consumption during 1974/75 increased slightly, and an increase in forecast for the 1975/76 season. Similarly, almond stocks at the end of the 1974/75 season are estimated at a record 21,500 tons, more than four times the quantity on hand at the close of the 1973/74 season. The trade expects to channel much of these stocks into the domestic market.

Spanish filbert production in 1975 is estimated at 22,000 tons (in-shell basis), down 34 percent from the 1974 output of 33,000 tons.

Filbert exports during 1974/75 amounted to 20,000 tons, about double last year's level. Western Europe took approximately 80 percent of these shipments. Exports during 1975/76 are forecast at 16,000 tons.

Domestic consumption during 1974/75 increased by 64 percent to 10,000 tons, compared with 6,100 tons last season. However, as a result of an expected decline in the 1975 crop, domestic disappearance in 1975/76 is forecast to drop 20 percent. End-of-season stocks are estimated at four times the level of last year, reflecting the large 1974 harvest. As a result of the relatively quiet market since May 1975, prices have maintained a fairly consistent line.

Larger Turkish Raisin Crop. Turkey reports a larger 1975 raisin crop. Production is estimated at 115,000 metric tons, 35 percent above the 1974 crop of 85,000 tons and 13 percent above the 1970-74 average. Weather conditions were generally favorable through the growing season, although wet and cool weather conditions in late spring led to mildew damage. Overall crop quality appears normal.

Exports during the 1975/76 season are expected to be much higher than last year's. The 1974/75 season exports are estimated at 55,000 tons, 32 percent below the 1970-74 average. The European Community and Russia were the major markets for Turkish raisins during the 1974/75 season.

Smaller Spanish Dried Fruit Crop. Smaller crops of dried figs and raisins reduced 1975 Spanish dried fruit production to 7,800 metric tons, 10 percent below the 1974 crop of 8,700 tons. Drought conditions were reported in the raisin production area, where the crop is estimated at 4,500 tons—3,500 tons of malagas and 1,000 tons of denias. Last year's raisin crop totaled 4,700 tons. Other 1975 dried fruit crop estimates (1974 in parentheses): Apricots, 500 tons (500); and figs, 2,800 tons (3,500).

Exports during 1974/75 were reported at less than the 1973/74 level. Preliminary estimates indicate 1974/75 dried fruit exports of 5,100 tons, 17 percent below the 1973/74 total of 6,137 tons. The United States is normally the major outlet for Spanish fig paste and Europe is normally the largest market for Spanish raisins and dried apricots.

OILSEEDS • PRODUCTS

Japan's Feed Output and Imports Down. Total mixed feed production in Japan in the January-June period declined to 7.5 million metric tons—down 12 percent or 1 million tons below the same 6 months of 1974. All major categories of mixed feed showed a decrease in this period, but the decrease in beef cattle feed production was the most dramatic—down 27.5 percent from that of the first-half 1974.

Although total feed grain consumption during the 1975 period decreased 11.6 percent from 5.23 million tons in 1974 to 4.62 million, the utilization of soybean meal in mixed feed production dropped only 8 percent during the January-June 1975 period to 766,000 tons from 833,000 tons a year earlier. This discrepancy probably reflects the fact that mixed feeds for poultry, which have relatively high protein specifications, declined by less than 7 percent, while cattle and swine feeds, which contain a lower protein percentage, dropped more sharply.

Japan's imports of soybeans and meal (meal basis) were down 18 percent in first-half 1975 to 1.23 million tons from 1.51 million in the first half of 1974. Given an upturn in the Japanese economy in the middle of 1975, soybean imports are expected to pick up in the second half to bring the year-end total—beans and meal on meal basis—to an estimated 2.7 million tons—about the same volume imported in 1974.

COTTON

Egypt Sets Cotton Export Prices. Egypt has set opening 1975/76 cotton export prices that average about 20 percent below those of last season. Prices will range from 129.52 U.S. cents per pound for high-grade extra long staple descriptions to 75 cents per pound for medium staple. The drop in prices is attributed to depressed market conditions resulting from the worldwide textile recession. Export prices could be raised later in the season if demand turns up.

Other Foreign Agriculture Publications

- World's 1975 Fats and Oils Output Estimated At 46 Million Tons (FOP 7-75)
- Brazil's 1975 Soybean Crop and Trade Significantly Ahead of 1974 Levels (FOP 6-75)
- U.S. Tobacco Exports At Record Value But Smaller Volume In Fiscal 1975 (FT 4-75)
- U.S. 1974/75 Raw Cotton Exports 36 Percent Below 1973/74 Level (FC 15-75)
- Coffee Production in Africa (FAS M-266)
- The Peanut Industry in India (FAS M-267)

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Australia Appraises New Zealand's Devaluation

New Zealand's decision to devaluate its dollar by 15 percent has given rise to concern in Australia that the New Zealand devaluation could trigger price-cutting in certain foreign markets and thus further erode export returns. Australia's meat and dairy product export markets could be affected.

However, the general conclusion in Australia is that while New Zealand's devaluation could be troublesome, the total impact will not be serious. New Zealand officials have given unofficial assurances that they intend to use devaluation to improve producer returns and not to cut prices. Although the Australian Treasurer has ruled out any retaliatory response, primary producers are likely to step up their demands for devaluation of the Australian dollar to improve their export returns.

Whether Australian producers are to be disadvantaged by the New Zealand move depends on New Zealand's choice of strategy—increasing prices to domestic producers or selling at lower prices to move additional volume. If the latter course is followed, New Zealand could be a threat in markets where both countries are competing for larger shares. The biggest problem at the moment is meat, where both countries are attempting to move surplus supplies in a buyer's market.

Beef is of top concern because there is already fierce competition for sales. There is no problem on the U.S. market, where both countries work against fixed quotas. However, this is not the case in Japan and other markets where both countries are attempting to expand sales. Some offer prices on Japanese tenders have been termed by traders "ridiculously low."

Another market where strong competition is expected is in the Middle East, particularly for sheep meat. Price-cutting already has been so sharp that the South Australian Government is moving to create a trading consortium with Western Australia and New Zealand to stop what it sees as "unnecessary" price competition among sellers competing for the same market. Australia has occupied a strong position in the Middle East market for the past 3-4 years, but New Zealand recently made some dramatic gains in sales to that market.

Export dairy markets also could be a problem to Australia, as New Zealand is Australia's main competitor. The product of most concern at the moment is skim milk powder.

—Based on a report from
Office of U.S. Agricultural Attaché
Canberra

Egyptian Rice Exports

Continued from page 12

contract for 20,000 tons for 1975 delivery to the USSR has been reported.

Egypt sent no rice to Poland in 1974, although shipments in 1972 totaled 38,000 tons—about half of Poland's total rice imports that year. Egypt's rice exports to Czechoslovakia in 1974 totaled 18,000 tons, in contrast to peaks recorded in 1968 and 1971, when 33,000 tons were shipped each year.

Egypt's rice exports to Hungary, Bulgaria, and Romania since 1971 have been far below levels recorded in the late 1960's. Yugoslavia was a market for 52,000 tons of Egyptian rice in 1969 but took none in 1973 or 1974. Dwindling deliveries of Egyptian rice to Eastern Europe have been followed by larger shipments to the areas from both the People's Republic of China and Italy.

The drastic decline in Egyptian rice exports to certain markets has opened up new export opportunities for American rice exporters to the USSR, Eastern Europe, West Africa, and Syria.

(The United States sent 10,000 tons of rice to the Russian market in early 1975 and 21,000 tons to Poland.)

Rice exports to India reached a peak of 86,000 tons in 1970, and deliveries of 70,000 tons in 1972 concluded shipments under trade agreements between Egypt and India. Indonesia was a market for 93,928 tons of Egyptian rice, valued at $12.2 million in 1969.

—By JOHN B. PARKER, JR., ERS

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